

**ATTACHMENT 1**

**(CY 2006-2009 MODEL FRAUD PLAN GUIDANCE)**

**CHAPTER 49 PUBLIC ASSISTANCE,  
W-2 PROGRAM FRAUD PLAN  
FOR  
W2 Agency/Consortium Named:**

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**Plan Period Dates:**

**From:**\_\_\_\_\_ **To:**\_\_\_\_\_

# W-2 MODEL FRAUD PLAN

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**Please Note:** A W- 2 contract agency may be a single W-2 agency or a consortium of agencies that typically coordinate through a lead agency when addressing W-2 contract requirements. Thus, the terms W-2 agency and W-2 consortium should be considered interchangeable in this document.

## INTRODUCTION

The Public Assistance Fraud Program is designed to provide program integrity for the Public Assistance Programs, including Food Stamps (FS), Medical Assistance (MA) and Wisconsin Works (W-2). The Public Assistance Fraud Program is supervised by the Department of Health and Family Services (DHFS), Division of Health Care Financing (DHCF) for IM programs and by agreement with the Department of Workforce Development (DWD) for W-2 programs. These programs are administered through contractual agreements between the Department of Health and Family Services (DHFS), the Department of Workforce Development (DWD), and local administrative agencies.

Each W-2 contract agency/consortium is responsible for providing fraud program integrity for the W-2 public assistance program administered by that agency/consortium. The Income Maintenance (IM) agencies administering Food Stamps and Medical Assistance programs are responsible for providing fraud program integrity for the public assistance programs administered by them.

For cost effectiveness and efficiency, it is recommended that local fraud investigation services be completed by a single provider for both W-2 and IM agencies in designated geographic areas. The IM agency is typically responsible to providing an investigative service provider for all fraud cases referred from the geographic area for fraud investigation services.

For W-2 agencies administering services and benefits under the W-2 program, the Public Assistance Fraud Program basically consists of three major administrative areas:

**A. Fraud Prevention and Detection:**

As part of the Public Assistance Fraud Program requirement, each W-2 agency must plan to conduct Fraud Prevention and Detection functions for their W-2 program and the Child Care eligibility determination portion of their W-2 contract. This includes the activities as described in the IM Manual, including Front End Verification (FEV) and error-prone profile reviews, making fraud referrals to supporting IM agencies, completing appropriate records needed in support of fraud prevention verifications, case monitoring and tracking of fraud referrals, plus appropriate CARES claim establishment and benefit recovery actions.

**B. Fraud Investigations:**

Fraud Investigation Services are provided by a designated Investigative Service Provider typically established by the local IM agency. The W-2 agency is responsible for making referrals of alleged fraud cases to this IM contracted investigative service provider and making available all appropriate records needed to conduct the investigations, providing review of investigative results and determination of appropriate case follow-up. Case monitoring and CARES tracking of investigative referrals are also required.

**C. Fraud/IPV Penalties:**

This includes all post-investigation activities as described in the IM Manual, W-2 Manual, and supplemental written guidance. Activities include actions such as submitting fraud cases with investigative evidence to the Department of Administration, Division of

Hearings and Appeals for an Administrative Disqualification Hearing or referring cases to the local District Attorney's office for prosecution as appropriate. Some other examples are establishing fraud claims, CARES case tracking and related W-2 case actions, performing fraud related benefit recovery actions, etc.

All W-2 agencies administering W-2 programs must file a Fraud Plan with DWD, Division of Workforce Solutions (DWS). The fraud plan is required by State and Federal regulations and policies, and by contractual requirements.

This document provides model W-2 fraud plan guidance. Included are relevant materials which help provide direction and guidelines for the administration of a W-2 fraud plan and program.

Agencies using this guidance for their Fraud Plan should include in their fraud plan:

1. A fraud program staffing level worksheet shown on page # **9**.
2. All relevant enclosures/attachments from the list on page # **7**.
3. An administrative fraud cost estimate sheet shown on page # **12**.
4. A signature page on page # **14**.

Agencies with a more detailed or complex fraud plan for which this model is inappropriate, or that subcontract any of their program activities, need to ensure that fraud program requirements are included in their plan version and any supporting contractor areas, as appropriate.

Agencies contracting with DWD-DWS and DHFS are responsible for administration of their portion of the fraud program activities and requiring the parties with whom they subcontract to adhere to all state and federal statutes, regulations, policies, and rules.

W-2 agencies are required to have their completed W-2 fraud plan submitted within thirty days from the date of signing of their 2006-2009 W-2 Contract. Three (3) copies of the plan should be provided to their regional DWS W-2 Contract Manager, who will forward two (2) copies to the W-2 Policy Section to enable a coordinated W-2 and DHFS public fraud unit plan review.

Technical questions regarding this model fraud plan or for questions regarding IM Manual Fraud program information can be directed to:

Charles Billings,  
DHFS/Public Assistance Fraud Unit  
Telephone: (608) 266-9246  
FAX: (608) 266-6861  
E-mail: [billict@dhfs.state.wi.us](mailto:billict@dhfs.state.wi.us)

W-2 contract or W-2 policy fraud related questions should be directed to the regional DWS contract administrator supporting your area.

# **I. W-2 FRAUD PROGRAM ADMINISTRATIVE REQUIREMENTS**

## **A. W-2 Fraud Program Integrity**

1. Fraud Prevention Services –Front-End Verification (FEV)
  - a. Comply with the requirements and guidelines for the operation of a public fraud prevention program contained in the IM Manual, W-2 manual, and other appropriate guidance provided by DWD or DHFS (e.g. Admin Memo, Operation Memo, etc.)
    - 1) Develop a written agency W-2 fraud policy and referral process to be used to administer the fraud prevention program, including development and use of the FEV error -prone profile and related characteristics.
    - 2) Develop written local procedures and criteria for determining which/how cases will require fraud investigation referral and IPV /Fraud penalty follow-up actions.
    - 3) Periodically validate the FEV error-prone profile selection criteria for the prevention program to ensure the selection criterion is error-prone. Use a fraud prevention error-pone profile characteristic target success rate of 30% when testing FEV error-prone profile characteristics (See Attachment F).
  - b. Complete CARES screens BVRF, BVIR, BVIT, BVPI, and BVCC on all cases referred for fraud action, as appropriate.
  - c. Ensure that any contracted private Investigative Service Providers meet the Wisconsin Department of Regulation and Licensing requirements for private detectives. (See Attachment B).
  - e. Typically complete FEV error-prone profile and any required documentation verification within a recommended time frame of 30 days.
2. Fraud Administrative Functions
  - a. Pursue appropriate administrative actions on all cases referred for prevention or investigation.
  - b. Pursue appropriate actions on all cases referred to the fraud program to establish a CARES claim and collect benefit overpayment.
  - c. Complete CARES screens BVCL, BVIR, BVIT, BVPI and BVCC on all cases referred for investigation under the fraud program, including reporting case disposition activities and claim amounts.
  - d. Provide supporting service providers appropriate information as described in DWD/DHFS guidance for completing prevention and investigation activities, State administrative hearings, prosecution activities by a District Attorney's Office, and the collection of fraudulently obtained overpayments.

- e. Refer cases of suspected W-2 public assistance fraud for appropriate fraud investigation, prosecution, and collection of delinquent overpayments activities.
- f. Develop an understanding or agreement with the District Attorney's Office identifying the conditions under which a referral for prosecution shall be made, including documentation and format requirements (See Section IV).
- g. Provide testimony in court, administrative hearings, and such other situations as necessary for the prosecution of W-2 public assistance fraud.

## **B. W-2 Fraud Investigation Services**

- 1. Develop written agreements with IM and other agencies as necessary for services to be provided to complete the fraud investigation services. Verify that investigation standards (See Attachment E) are included in any sub-contracts and agreements with fraud investigation providers.
- 2. Review and refer allegations of W-2 client fraud for appropriate fraud investigation to the county area IM (or other DHFS contracted fraud Investigative Service Provider (ISP) to obtain a fraud investigation with written report. The IM agency is annually allocated funds for administration of the county public fraud investigation. However, if a county does not choose to administer the local fraud investigation program, then a DHFS contracted ISP may be present to provide the fraud investigation and report. The DHFS contract amount allowed for the ISP investigation is the cost of the investigation with report up to a maximum of \$500 per case. The ISP is not paid for the W-2 fraud investigation and report until the W-2 agency complete necessary information on CARES screen BVIT following acceptance of the report.
- 3. Obtain and review a written report from the Investigative Service Provider on all cases referred citing the investigative activities, documentation, findings, actual administrative costs, and the recommendation for investigative disposition.
- 4. Provide testimony in court, administrative hearings, and such other situations as necessary for the prosecution of W-2 public assistance fraud.
- 5. Maintain and provide such records as are necessary to meet state and federal fraud program reporting requirements.
- 6. Cooperate with agencies responsible for investigation referrals, prosecution of W-2 public assistance fraud, and collections of overpayment recovery. Maintain investigative records appropriate to meet the needs of those agencies to successfully complete the disposition of investigated cases.
- 7. Collect and provide to DHFS and DWD, information necessary to develop, test, and implement additional fraud control activities.
- 8. Comply with applicable policies, procedures and guidelines incorporated in the W-2 Fraud Plan through W-2 contracts, W-2 and Income Maintenance Manuals, and administrative or operational memos. Where the W-2 agency subcontracts any portion of the fraud program to another agency, the W-2 agency retains responsibility for assuring that all subcontractors are aware of and comply with

Fraud Program/Plan requirements. DHFS or DWD may develop applicable manual or other guidance pertaining to the Wisconsin Chapter 49 Fraud Prevention Program. Such manual material may supplement, replace, or supersede contents of this model Fraud Plan guidance.

### **C. Attachments/Enclosures for W-2 Fraud Plan Submissions**

As part of the fraud plan that includes responses for items addressed on pages 3, 5 and 6 of this document, each W-2 agency needs to submit as enclosures or attachments the following items that apply to their fraud plan:

1. The position descriptions for all agency/office staff whose duties include public assistance fraud activities. (See Attachment A for a sample W-2 fraud program position description.)
2. A copy of the agency's fraud prevention program description, including any internal referral forms, referral criteria (error-prone profile), and internal fraud program policy/procedure documents. (Reference Attachments D and F).
3. A copy of the W-2 agency's fraud investigation program's description, including its documentation criteria and program policy/procedure documents, including application of Attachments D and E guidance.
4. An organizational chart showing the agency's fraud staff and contracted service providers, including the Public Assistance fraud full time equivalent (FTE) figures for all staff performing Public Assistance fraud activities. (See Attachment C for a sample fraud program organization chart.)
5. A copy of sub-contracts the agency has with any fraud program service providers.
6. A copy of all local district attorney Prosecution's Referral Agreements or a statement as to why there are no written Prosecution Agreements.

## **II. W-2 FRAUD PROGRAM COMPONENT STAFFING**

The program component staffing identifies agency personnel responsible for the supervision of each program component administered by the agency.

### **A. Supervision of Program Component**

The plan should identify the name and job title of all agency personnel responsible for supervising fraud program integrity activities. A sample worksheet to add in this area is provided below.

### **B. Identification of Program Staff FTE**

The plan also needs to identify the number of full time equivalent (FTE) personnel participating in each component of the fraud program. A sample staffing level worksheet located below. Agencies need to provide information for Parts A, B, and C of the below sample worksheet.

### **C. Fraud Gatekeeper**

Identify the agency staff member(s) responsible for fraud program functions related to approving of fraud program investigative referrals, reviewing and accepting completed investigations, determining appropriate fraud case dispositions, and coordinating needed CARES claim and case follow-up action. This staff member can also perform supervisory and/or other fraud related functions for the agency, as needed. These functions can also be sub-contracted if necessary, as long as the W2- agency can maintain current awareness of operations through reports, coordination meetings, CARES case reviews, or some other practical monitoring and overview approaches.

### **C. Sample Program Component Staffing Level Worksheet**

#### **INSTRUCTIONS FOR COMPLETING BELOW SAMPLE PROGRAM COMPONENT STAFFING LEVEL WORKSHEET**

Determine the FTE count for both Fraud Prevention and Fraud Administrative Functions and enter the total count in each designated area. Full Time Equivalence (FTE) is a percentage calculation of staff time. For example, a full time staff assigned to work Public Assistance Program Integrity activities 10% of his time (approximately 200 hours during a year), has a “.10 FTE” calculation. These FTE totals should be in agreement with the agency's submitted fraud program organizational chart (see Attachment C sample).

Identify the names and positions of the individuals who have Fraud Program Gatekeeping and overall supervisory responsibility for Fraud Program Integrity in Part A. Include administrative actions related to investigative referrals, investigation report reviews, and follow-up with the local district attorney or fraud administrative (not fact finding) hearings as Part A functions. Also, include CARES tracking and fraud reporting and case tracking as Part A work activities.

Front-End Verification (FEV) services are Part B activities directly associated with using the FEV error-prone profile plus significantly enhanced verification of suspect case intake information.



## PROGRAM COMPONENT STAFFING LEVEL WORKSHEET

Agency Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Zip: \_\_\_\_\_

Telephone: (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

E-mail Address: \_\_\_\_\_

### PROGRAM ADMINISTRATION:

#### PART A PROGRAM INTEGRITY (PI) ADMINISTRATION

a) Description of Service:	<b>Fraud Administrative Functions</b>
b) W-2 Agency Fraud Supervisor, Gatekeeper, etc.	Name:  Job Title:  Name:  Job Title:
c) Full Time Equivalence (FTE) of other Fraud PI Administrative staff.	_____ FTE count

#### PART B FRAUD PREVENTION ADMINISTRATION

a) Description of Service:	<b>Prevention Services</b>
b) Supervisor:	Name:  Job Title:
c) Full Time Equivalence (FTE) of All Prevention staff	_____ FTE count

#### PART C TOTAL EQUIVALENCY of FRAUD PROGRAM STAFF

Total Full Time Equivalence (FTE) of fraud program staff. Part A + Part B	_____ FTE count
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### **III. W-2 FRAUD PROGRAM ADMINISTRATIVE COST REPORTING**

The administrative cost section helps identify the funding amounts an agency is budgeting for fraud program integrity purposes. Each W-2 agency or W-2 consortium internal budget estimate for Fraud Program Integrity should be split between Fraud Prevention and Fraud Administrative functions and entered as a budget amounts in the Administrative Cost Sheet (Sample below) and provided in the W-2 agency/consortium's fraud plan.

#### **A. Claiming W-2 Fraud Prevention and Program Integrity Administrative Costs**

W-2 and child care eligibility error-prone profile, FEV, fraud investigation referral, and post fraud investigation report administrative costs of the W-2 agency can be claimed in the DWD CORE system. The cost for the actual fraud investigation and report portion performed by the local Investigative Service Provider would typically not be claimed by the W-2 agency (See following paragraph guidance). County and non-county W-2 agencies should report their fraud costs per guidance provided by the DWS Central Office Reporting (CORE) system, which is replacing the previous W-2 Community Aids Reporting System (CARS) reporting codes for the CY 2006-09 contract period. The CORE main page is in the process of being updated at: <http://www.dwd.state.wi.us/core/>. A contact for CORE billing questions will reportedly be identified on the CORE web site in this update. Updated CORE informational sessions will reportedly be provided by DWS staff at various state locations for the CY 2006-09 contract period. Also, contact your local DWS regional W-2 contract administrator for further information or to assistance in obtaining answers to reporting questions.

The cost for the referred W-2 fraud investigation/written report provided by a state contracted Investigative Service Provider (ISP) is typically not a W-2 agency cost or claim. That report cost is paid by DHFS via separate allotments or contracts between the state Department of Health and Family Services (DHFS) and the local Investigative Service Provider (ISP) for the county, whether it be the local IM agency or another contracted ISP. For the ISP to receive payment for the fraud investigation and its report, the W-2 agency must accept the fraud investigation report and provide follow-up entry in the CARES Fraud Investigation and Tracking Screens (FITS), such as screen BVIT. The amount allowed for an ISP fraud investigation with written report is the cost of the investigation with written report up to a maximum of \$500 per investigation. Any questions regarding payment or acceptance of the ISP fraud investigative report can be directed to the DHFS fraud unit contact identified on page 4 of this model plan.

#### **B. W-2 "Informational Only" Cost Tracking for Fraud Prevention and Investigation Follow-Up Services**

In addition, it is requested that W-2 agencies report separate W-2 agency only cost information for fraud prevention activities under CORE informational code #2551 and fraud investigation follow-up administrative activities under CORE informational code # 2552. Information reported for these codes should not duplicate fraud program cost information provided elsewhere for the IM fraud program.

For CORE informational Code #2551, W-2 Fraud Prevention, please report W-2 agency fraud prevention related actions such as Front End Eligibility (FEV) error-

prone profile (EPP) case review use, annual FEV Error Prone Profile revalidation, and FEV intensive case review and client eligibility validation costs, related CARES and case updating, plus review of FEV findings and referral actions to obtain a formal fraud investigation. However, please **do not** report routine W-2 eligibility determinations as FEV related actions or fraud investigative or case actions after referral to an investigative agency in this CORE profile.

For CORE informational Code #2551, Fraud Investigation Follow-UP - Please report W-2 agency only related costs for follow-up after a fraud investigation referral to obtain case resolution for a suspected fraud case. This **does not** include the fraud investigation and written report cost incurred by the Investigative Service Provider since they are paid separately by DHFS. Some examples of W-2 agency costs would be related W-2 agency CARES and case fraud action tracking/monitoring, W-2 agency fraud report review/disposition and referral to DOA Hearing and Appeals for a related administrative hearing or to a local district attorney for a court hearing, costs associated with preparation and signing of a participant fraud consent agreement, application of a W-2 IPV, benefit recovery and case closure only related to a finding of fraud, fraud IPV case actions, and up to both levels of a W-2 fact finding appeal if it relates only to fraud.

### **C. Completing Sample Fraud Administrative Budget Estimate Cost Sheet**

**Instructions for completing the below sample Fraud Administrative Cost sheet:**

1. Fraud Prevention (FEV) is the amount of administrative funding budgeted by the W-2 agency to specifically cover the administrative costs of performing fraud prevention activities.
2. Any subcontract between the W-2 agency and any service provider to perform fraud prevention services should be included in the fraud prevention line.
3. Program Integrity Administration is the total amount of administrative funding budgeted to cover administrative costs associated with any Program Integrity activities, except those budgeted for performing fraud prevention activities.
4. The sum of these two sources of funding should equal the planned agency expenditure estimate for implementing their Program Integrity Program for a year.
5. A new cost sheet should be submitted annually by the W-2 contract agency before the start of each new calendar year to the DWS W-2 regional contract administrator.

### **Fraud Administrative Budget Estimate Cost Sheet Sample**

<b>CY <u>2006</u> FRAUD ADMINISTRATIVE BUDGET ESTIMATE COST SHEET</b>		
<b>W-2 PROGRAM INTEGRITY</b>		
<b>Fraud Prevention (FEV) Program</b>		
Amount:	\$	
<b>Program Integrity Administration</b>		
Amount:	\$	
<b>Total W-2 Program Integrity Funds Budgeted:</b>		<b>\$</b>

## **IV. SUB-CONTRACTING FOR FRAUD SERVICES**

Where the W-2 agency sub-contracts for any W-2 fraud program activities, a separate written agreement must be made with the service provider. The written agreement must include the appropriate program requirements described in Section I of this model plan. As the primary contractor, the W-2 agency is responsible for the performance of its subcontractors, including the meeting of any related fraud program standards. Agencies can request a sample copy of the below mentioned service provider sub-contract and agreement from the Public Assistance Fraud Contract Administrator listed below.

### **A. Sub-Contracting for Fraud Prevention Services (Sample Model)**

This sample model is designed for use when the W-2 agency elects to sub-contract to provide prevention/front end verification (FEV) services outside the agency. It includes the obligations of the local W-2 agency and the contractor.

### **B. Memorandum of Understanding for Prosecution (Sample Model)**

This sample model is designed for use when the W-2 agency and the local County District Attorney agree on the conditions under which a referral for fraud prosecution for violations of public assistance programs under Wis. Stats. Chapter 49 is made:

To obtain a paper or electronic copy of the above sample models, please contact:

Charles Billings, Public Assistance Fraud Unit  
Department of Health and Family Services  
Bureau of Eligibility Management, Room 355  
P.O. Box 309  
Madison, WI 53701-0309

Telephone: 608-266-9246  
Fax: 608-261-6861  
Email: [billict@dhfs.sdtate.wi.us](mailto:billict@dhfs.sdtate.wi.us)

## V. REQUIRED FRAUD PLAN SIGNATURES

The Agency Director or designee is required to sign the Fraud Plan and provide the following information listing the Fraud Unit Manager/Supervisor and contractor(s).

_____	Agency Name
_____	Director Name
_____	Mailing Address
_____	City/Zip
Telephone: _____	Fax: _____
E-mail Address: _____	

_____	<b>Director's Signature</b>
-------	---------------------------------

Program Integrity/Fraud Unit Manager/Supervisor:

_____	Agency Name
_____	Fraud Unit Manager/Supervisor
_____	Mailing Address
_____	City/Zip
Telephone: _____	Fax: _____
E-mail Address: _____	

If the agency is using a contractor, indicate the type of service (Prevention), name and address. (If your agency does not use a contractor, enter "Not applicable".)

Service Provider Type: _____	
_____	Business Name
_____	Director/Owner
_____	Mailing Address
_____	City/Zip
Telephone: _____	Fax: _____

# ATTACHMENT A

## SAMPLE FRAUD POSITION DESCRIPTION

### Sample Job Summary:

Under the direct supervision of a program supervisor, this position shall function as the agency's Front-End Verification (FEV) Specialist and Fraud Gatekeeper. The description also includes some additional responsibility for other program error reduction activities for this particular sample.

### Position Responsibilities

#### 40% A. Front-End Verification Support

1. Maintain a log of all suspect FEV referrals made by W-2 case management staff.
2. Verify referrals from case management staff meet agency's error-prone profile.
3. Identify what error-prone elements are involved in the referral and determine what further document verification action is needed.
4. Conduct the FEV intensive case review within the agency's specified time frame.
5. Document all case review findings.
6. Report findings to Supervision.
7. Testify at court/administrative hearings regarding findings, if necessary.
8. Complete all records required for local, state and federal record keeping and reporting requirements.

#### 40% B. Fraud Investigation Support

1. Maintain a log of all fraud investigation referrals.
2. Conduct preliminary case review to determine nature and type of potential fraud.
3. Return cases which don't pass the review to Supervisor or W-2 case worker for reconsideration.
4. Open an investigative file on cases which pass the preliminary review and draw up an investigation plan.
5. Coordinate a fraud investigation and applicable benefit recovery operations.
6. Review all investigation findings.
7. Report findings to supervision and recommend further action to be taken.
8. Set up prosecution files for cases being referred to the District Attorney (DA).
9. Testify at court/administrative hearings regarding the investigation and its findings.
10. Complete all records required for local, state and federal record keeping and reporting requirements.

#### 20% C. Error Reduction Programs

1. Perform targeted case reviews.
2. Monitor IEVS completion and resolution.
3. Perform random case reviews.

**Note:** The above sample PD is for a theoretical position doing 80 percent fraud focused activities and 20 percent other administration activities

## **ATTACHMENT B**

### **CONTRACTED FEV or INVESTIGATION SERVICES**

**References:**

WI Stat. 440.26

Administrative Code Chapter RL 30, 31, 32, 33, 34 and 35

Agencies which contract with counties to provide investigative services to support FEV reviews or for Public Assistance Fraud Investigations are subject to the Wisconsin Statute and Administrative Code requirements for private detectives. These requirements do not apply to off-duty law enforcement officers or public officers performing official duties, including law enforcement officers. Private individuals, including former law enforcement officers, must meet these requirements. See DES Administrator's Memo 90-39.

Agencies deciding to contract with private agencies or individuals for investigative services need to obtain a copy of WI Statute 440.26 and Administrative Code Chapter RL 30, and require that the individual meet the private detective requirements for licensure, training and liability.



## ATTACHMENT C

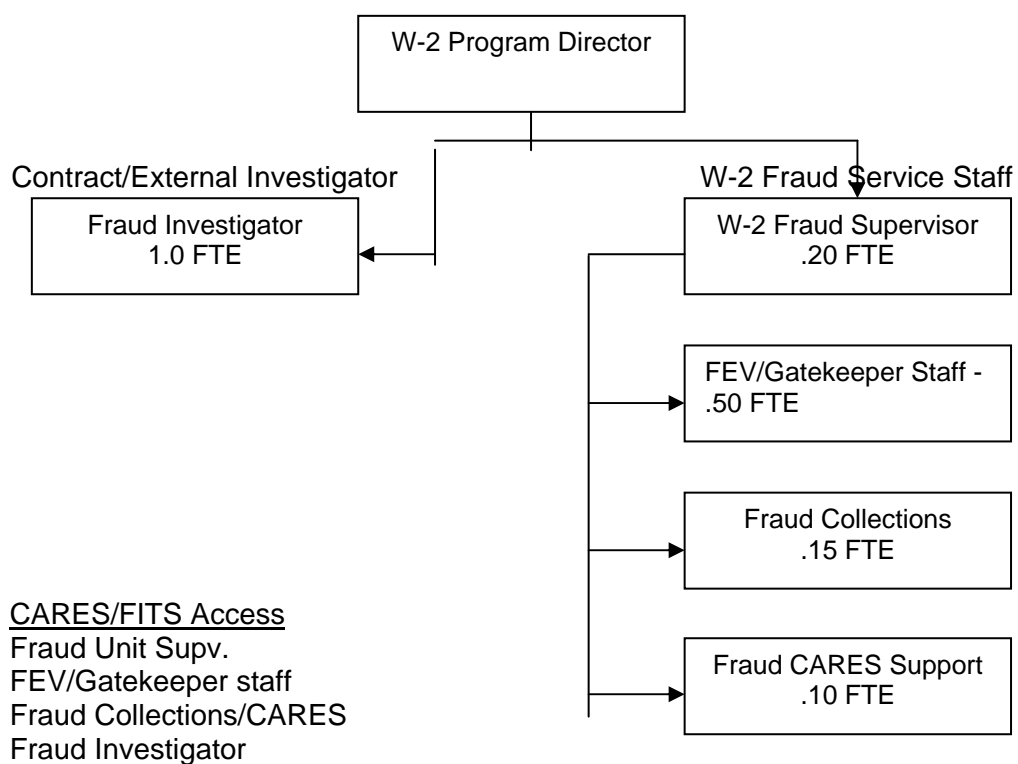
### SAMPLE FRAUD PROGRAM ORGANIZATIONAL CHART

A model fraud program "organizational chart" usually includes:

1. Reporting relationships;
2. Program areas;
3. Position titles;
4. FTE;
5. Incumbent's name.

The agency should list all persons authorized to access the CARES/FITS screens.

#### Sample Agency Fraud Program Organization



## **ATTACHMENT D**

### **FRONT END VERIFICATION (FEV) ERROR-PRONE PROFILE SOME SAMPLE CHARACTERISTICS**

#### **Residence Samples**

1. Non-migrant worker case member who has moved multiple times in the past year to different states, or different counties within Wisconsin.
2. Claims that there are two or more residences in a house having only one mailing address or having a common entry.
3. Recent interstate move to the area without there being any relatives in the areas or probable employment possibility.

#### **Household Composition Samples**

1. The case has reported a change in household composition more than twice in a six-month period.
2. Apparent separation of convenience between spouses that makes the case eligible for new or increased benefits.
3. Requests for separate food stamp groups in a house.
4. Landlord has same address as case, but is not included as a case member.

#### **Income Samples**

1. Reported monthly expenses exceed reported monthly income either immediately prior to application or while case is open..
2. Self employment income has ended or reported as significantly reduced without a satisfactory cause.
3. Standard of living (residence, travel, vacations, etc.) is out of line with reported income.
4. Case member claims disability but does not report SSI, SSA, or worker's compensation.
5. Case member works at a job that routinely receives tips, but does not report any tip income.

#### **Asset Samples**

1. No vehicles reported but no reasonable explanation of a means of transportation.
2. Case has substantial reduction in assets just prior to application without a satisfactory explanation for the disposition/use of those assets.
3. Case member has bank deposits out of line with reported income.

#### **General Samples**

1. The client has a history of previous IPV or fraud convictions.
2. Conflicting documentation or information provided by client.
3. Case was previously closed due to loss of contact or failure to cooperate.
4. Verification documentation appears altered, is defaced/illegible.

**Note:** A W-2 case meeting 1 or 2 characteristics does not necessarily mean that there is a problem, since multiple characteristics are usually used in any FEV error-prone profile. See your local agency guidance or contact the DHFS fraud unit person identified in Attachment F, if there are any questions in this area.

# ATTACHMENT E

## W-2 FRAUD INVESTIGATION STANDARDS

### Investigation Documentation

The following are the minimum required investigation documentation standards that should be used by a sub-contracted fraud investigation agency:

1. The investigation service provider must provide the referral agency with a written investigation report for every completed investigation.
2. The investigation report must document information in a logical sequence that incorporates **Who, What, When, Where, Why**, and **How** in the body and substance of the investigative findings.
3. The investigation report must address the specific allegation findings requested in the referral from the requesting agency.
4. Every investigation report must contain the following information:
  - a. Identification of the Client/Contact person and verification of identity provided, e.g., photo ID, drivers license).
  - b. Relationship of the contact person to the client.
  - c. Written interview(s) with the contact person obtaining all relevant information and documentation.
  - d. Summary of the Investigator's findings.
5. All completed investigations must contain a summary conclusion having a recommendation to the W-2 referral agency to do one of the following;
  - a. Proceed with a case for administrative disposition.
  - b. Proceed with a case that meets the criteria for prosecution established by the local District Attorney's office and recommend the prosecutorial process be initiated and indicate whether the case may be subject to administrative sanction, recoupment or repayment.
  - c. Return the case to the W-2 referring agency with the determination that the fraud allegation was not substantiated.
6. When requested by the referring agency, the investigation report must address the minimum criteria specified by the District Attorney's guidelines for fraud referrals for prosecution.

### Timeliness of Investigations

Contractors must perform a satisfactory investigation based on the case referral within the established time frame noted below in this section.

1. The time period from the date of the fraud referral by the W-2 agency to the date the fraud investigator's final report is delivered to the W-2 agency will be 90 calendar days or less.
2. Investigations that exceed this 90 calendar day time frame will be out of compliance unless additional time is requested and approved. For such cases the investigating service provider will request in writing from the W-2 referring agency an extension

stating the reason for the delay. The request will be reviewed and returned to the investigating agency indicating approval or denial. Requests must be submitted in writing for approval by the 80th calendar day to the W-2 referring agency.

### **Satisfactory Investigations**

A satisfactory completed investigation is determined by, but not limited to, the following factors:

1. Quality of the investigation report and findings addressing the issues of the fraud referral allegations.
2. Documentation of all essential elements of the investigation.
3. Factual and accurately reported data.
4. Timeliness (completion in 90 calendar days or within the agreed extended time frame.)

If it is determined by the W-2 referral agency that any of first 3 factors are lacking, the report may be ruled unsatisfactory and referred back to the investigative provider for corrective action. Any related payment penalty for item 4 must be included in the sub-contract to the investigative service provider to allow enforcement.

The investigative service provider may exercise the option to bring any unresolved matter concerning reports or any issue related to performance to the attention of the DHFS fraud unit or DWD for resolution.

## **ATTACHMENT F**

### **TESTING W-2 FEV ERROR-PRONE PROFILE CHARACTERISTICS**

Each agency's Front End Verification (FEV) error-prone profile is not a static document. It is expected to change over time as conditions change. Changes to the profile may involve the deletion of those characteristics that no longer identify primary error conditions or generate referrals. Profile changes may also involve the addition of new characteristics that identify current or new primary error conditions.

To test the validity of current or new error-prone case characteristics for possible inclusion in or removal from the agency's FEV error-prone profile, the following is recommended:

- Develop a FEV referral worksheet to record the number of referrals made for each characteristic in the agency's FEV error-prone profile. (See the sample below). It is suggested that the agency maintain this worksheet on a continuing basis. As each referral is completed, record on the worksheet if that referral was successful in identifying an error in the case. Compare the number of successful referrals for each characteristic to the number of referral made based on the characteristic. The outcome is the characteristic's success rate in helping to identify an error. The reference standard for a valid prevention referral characteristic is when it is successful in identifying an error 3 out of 10 times ( 30%) or higher.
- Agencies that have few referrals or have characteristics that generate few referrals will need to test the characteristics for a longer period of time to get a sufficient number of referrals to get a valid sample. It is recommended that a referral characteristic be retained until 10 or more referrals have been made to establish a success rate. A characteristic that generates no referrals over time should be eliminated from the profile unless the agency can justify its inclusion due to a seasonal applicability. For seasonal characteristics, the agency can choose to use two or three seasons to collect validation data.

A yearly review of data from the agency's FEV referral worksheet in conjunction the annual completion/update of the agency's Fraud Prevention and Detection Plan is recommended. Those characteristics generating a reasonable number of referrals, and demonstrating error-prone results, should remain as part of the agency's error-prone profile.

**(SAMPLE) FEV REFERRAL WORKSHEET  
For Validating FEV Referral Characteristics**

<b>FEV Characteristics From 1/1/04 to 12/31/04</b>	<b>Number of Referrals per Characteristic</b>	<b>Number with Errors Found from Referrals</b>	<b>Percentage of Successful Referrals (errors/referrals=)</b>
Expenses exceed income	10	5	50% (a)
Recent interstate move to Co.	8	2	25% (b)
Previous IPV/fraud convictions	7	0	0% (c)
Landlord has same address	1	1	100% (d)
Apparent separation of convenience	0	0	0% (e)

**Explanation of sample findings for last column in above table:**

- (a) Valid characteristic, retain on profile
- (b) Potential valid characteristic, retain and continue validation testing
- (c) Invalid characteristic, delete from profile
- (d) Questionable characteristic, too few referrals to demonstrate validity, retain and continue validation testing
- (e) Invalid characteristic, generates no FEV referrals, delete from profile

**Explanation of Above Table Columns:**

Column 1 – List of the referral characteristics and the time period the referrals were drawn from.

Column 2 – Total number of referrals in the selected time period for each characteristic.

Column 3 – Total number of errors/fraud found in the referrals for each characteristic that affected case eligibility or benefits.

Column 4 – The success rate as a percentage for each characteristic.

For more information about fraud prevention FEV error-prone profiles and related validation of FEV characteristics, please contact:

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